or companies for the storage and transportation of water, incorporated under the 18th clause of Section 2; or whether its provisions include water power companies the creation of which was first authorized by the two Acts of 1889, amending clauses 9 and 18 respectively. The question is not entirely free from doubt, since the Water Companies which were grouped in the Act of 1874, under the head of "Water and Gas Companies" are evidently the companies for the supply of water to the public, and it may be a question whether the Act of 1877 was intended to include other companies, such as companies for the storage and transportation of water, and it is still more doubtful whether it was intended to include companies for the supply of water power, the creation of which was not authorized until twelve years later, namely in 1889. At all events, companies for the furnishing of water power, under the 18th clause of Section 2 of the Act of 1874, as amended in 1889, if theu are within the Act of 1877, can only mortgage to the extent of one half their paid up capital, and if they are not within the Act of 1877, they can only mortgage their real estate and machinery.

With regard to Water Power Companies incorporated under the 9th clause of Section 2 of the Act of 1874, the question arises as follows:-

The Act of May 21st, 1889, which extended the power of certain corporations, was entitled "A supplement to the Act of April 29th, 1874," and it confers the powers on corporations by reference to the clauses of Section 2 of the Act of 1874, in which they are set forth, its language being:

"It shall be lawful for such corporations as belong to the classes named in clause four, five, six, seven, nine and -10-.

eleven of corporations for profit, of the second class, as set forth in section two of the act of which this is a supplement.

Section 2nd of the Act of 1874 was amended by the Act of April 17th, 1876. This Act, however, made no cManges in clauses four, five, six, seven, nine and eleven, although it did make some changes in some of the other clauses, by adding to those clauses additional members of the classes included therein. It also added four additional classes, among which was the class included in Clause 24 of the Act of 1876, namely, the formation and operation of inclined planes for the transportation of passengers and freight.

The Act of 1889, after conferring the extended mortgage powers upon the corporations in clauses four, five, six, seven, nine and eleven of Section 2 of the Act of 1874, conferred the same powers on the corporations in Clause 24, Section 2 of the Act of April 17th, 1876, so that the Act of 1889, sped fically referred to certain corporations, identifying them as the corporations which belonged to certain classes named in certain clauses of the Act of 1874, and to the class named in another clause added in the amending Act of 1876. Subsequently to 1874, by Act of 16th of May, 1889, the Legislature added to Clause 9 of Section 2 of the Act of 1874, corporations for the "supply, storage or transportation of water and water power for commercial and manufacturing purposes. " The question therefore is, whether the addition of these Water Power Companies to Clause 9 of the Section 2 of the Act of 1874, brings them within the extended powers conferred by the Act of 1889, on corporations "belonging to the class" "named in Clause 9" of Section 2 of the Act of 1874.

In my opinion Water Power Companies under this clause do have the power conferred by said Act.

On the 16th Way, 1889 the Corporation Act was so amended as that, after said date, it read as though originally drafted in the amended form. I think, therefore, that when the Act of 21st Way, 1989 was passed, it necessarily included all corporations within the classes as they then existed.

I think the Pennsylvania Power Company, a corporation formed by the merger of the two companies organized as Water Power Companies under Section 9 of the Act of 1874, may increase its capital stock, issuing one-half preferred and one-half common, in payment of property at a reasonable value to such extent as such valuation will justify.

I think a chain of Electric Power Companies covering the territory from McCaul's Ferry to Lancaster, Pennsylvania, and from McCaul's Ferry to Philadelphia, may be created which may be merged into one corporation.

I am also of the opinion under the Act of 2nd July, 1901 (P.L. 603) the Power Company may purchase, hold, sell, assign, transfer, mortgage, pledge or otherwise dispose of the shares of the capital stock or any bonds, securities or evidences of indebtedness created by" any of said Electric Power Companies.

I am not so clear that the Power Company will have authority *to erect and construct a complete transmission line and plant for delivering electric power to Lancaster and Philadelphia and such other places as may be necessary. * The merged Electric Power Company, however, may create a bonded indebtedness within the limits

authorized by our Statutes, and may issue its shares of stock for the purpose of creating such line and plant. The Pennsylvania Power Company can purchase such bonds and stock and may include them within the premises it will mortgage. Perhaps it will be advisable to include in the large mortgage which is to be created an actual lien upon the electric power plant.

I think it will be legal for Mr. Carey T. Hutchinson to make a contract with the Pennsylvania Power Company in consideration of the issue, and delivery to him by said Company, of its stock and bonds secured by mortgage upon its franchises and property, to convey at a reasonable valuation all the real estate, riparian rights, releases of damages, etc. owned by him, he agreeing further to construct the necessary dam, buildings, machinery, appliances, resrvoirs, etc.

If it is deemed advisable to put a mortgage upon the electric power plant, this can be done under a contract between Mr. Hutchinson and the merged Electric Power Companies covering the purpose.

Told Some

24th February, 1905.

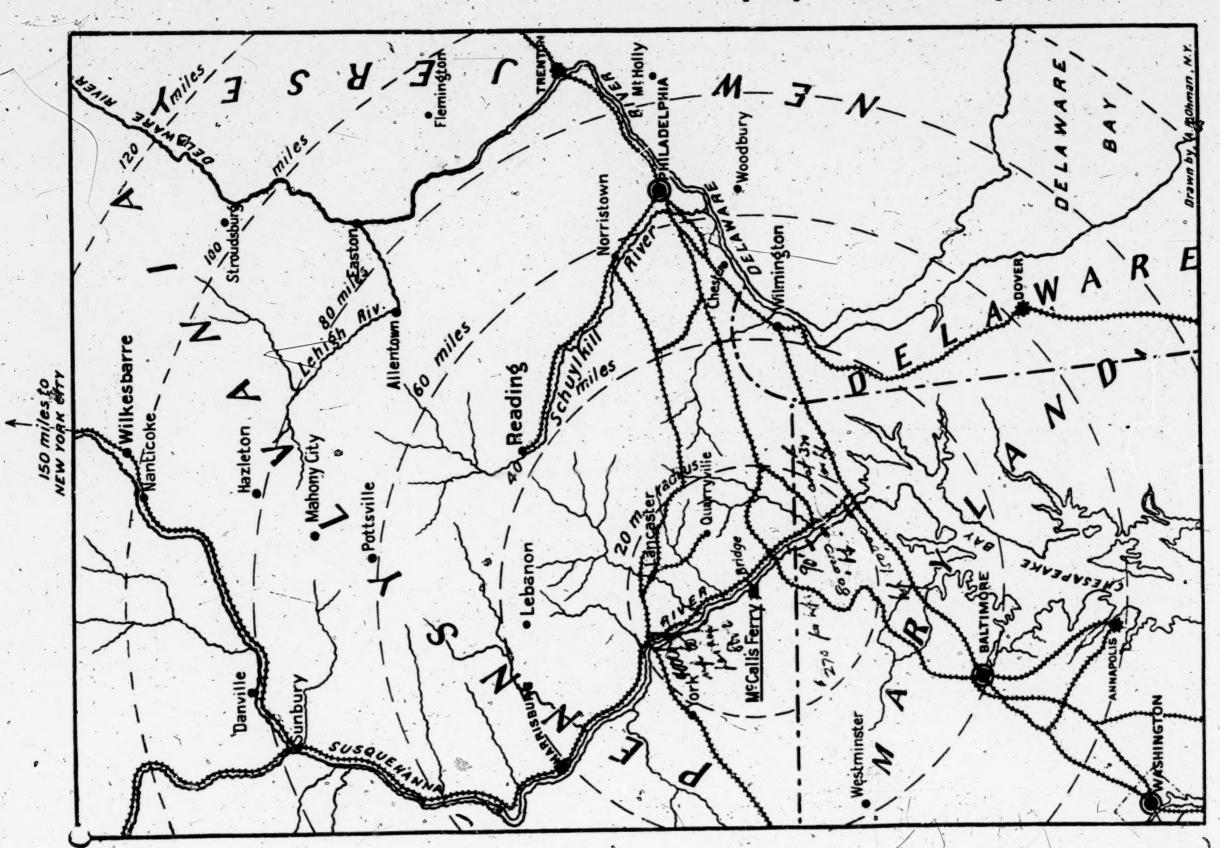
-13-

PROSPECTUS

UNDERWRITING AGREEMENT

OF

McCALL'S FERRY POWER COMPANY



b

PROSPECTUS

OF

McCall's Ferry Power Company.

At a point near McCall's Ferry, on the Susquehanna River, in the State of Pennsylvania, a favorable site for the development of a large water power plant to generate and transmit electric power has been located.

The engineering features have been investigated for the past three years under the direction of the late George S. Morison and by Cary T. Hutchinson; more recently the whole matter has been gone over thoroughly and reported upon favorably by William Barclay Parsons; these reports are subject to inspection.

The statistics of the flow of the river are well known, Government records having been kept for fourteen years; there are many local records supplementing the official records; the drainage area is about 27,000 square miles. The site is free from ice troubles; Mr. Parsons reports:

the ropography of the river at this point makes it reasonably certain that it will be practically free from disturbance from ice. Above the dam site the river narrows and also bends, while at the proposed site the river widens and is straight. When the ice gorges above break, the floes are discharged through the "Neck," broken into small pieces, and owing to the bend are deflected to the side of the river away from the power-house. The heaviest ice gorge known occurred during the Spring of 1904. Observations and photographs taken during that period show that the expectations were justified, and that the power-house side was practically free from ice during the period."

It is proposed to make a first development for 50,000 horse-power at this site; 75,000

and possibly 100,000 horse power can be developed economically.

The first development will have capacity to deliver 50,000 horse-power to any point within a radius of 100 miles of the site. The estimates are based on the delivery to Philadelphia as the largest market for power, but within a radius of 100 miles are the cities of Washington, Baltimore, Wilmington, Chester, Philadelphia, Harrisburg, Reading, Wilkesbarre, Lancaster, Allentown, Bethlehem, Trenton, and many others of less importance. Within the 100 mile radius are included the entire States of Maryland, Delaware and the District of Columbia, together with a large part of New Jersey, and all that part of Pennsylvania south of Wilkesbarre and east of Huntingdon; the aggregate population of this district exceeds five million; New York City, 150 miles distant, is well within the

limit of commercial transmission. There are more than 150 electric light and power plants of various kinds, with an aggregate capacity greater than 100,000 horse-power, in this territory excluding Philadelphia and the other large cities. These plants are in general uneconomical, and are all possible users of this power. The market for the sale of this power is without equal in the United States; within the territory tributary to this development there is at present more than 500,000 horse-power in use. The question of there being sufficient demand for the power developed, within a satisfactory distance, at a profitable price, is conceded by all who have investigated the subject.

The legal status has been investigated and favorably reported on by John G. John-

son, Esq., of Philadelphia and by Coudert Brothers of New York.

The estimated cost of this development, equipped to deliver 50,000 horse-power to Philadelphia, is:

Philadelphia, with sub-station	\$4,041,000
2. Cash for property and rights of way, in addition to stock to be	
issued by the Company	1,000,000
3. Interest during construction	450,000
Total cost, without steam plant	\$5,491,000 1,200,000
5. Working capital	\$6,691,000 509,000
	\$7,200,000

A considerable portion of this expenditure, as for the dam, is applicable to an enlarged development, which can on this account be made for a comparatively slight additional cost per horse-power.

OPERATION

The total cost of operating this plant, including general expenses, labor, supplies, maintenance of plant, stoppages, taxes, insurance and cost of auxiliary steam power, is estimated at \$320,000 yearly. This includes a greater cost of operation for a plant of 50,000 horse-power than it costs at Niagara for a plant of 100,000 horse-power; it can probably be operated for considerably less.

BASIS OF EARNINGS

In estimating the gross earnings, on a basis of 50,000 horse-power only, it is assumed that 25,000 horse-power will be sold in Philadelphia at the very low price of \$25 per year; the other 25,000 horse-power can be sold at figures ranging from \$30 to \$40 per horse-power. A conservative figure for this 25,000 horse-power is \$30 per horse-power.

The operating account of the plant will then be:

	RECEIPTS	•
	25,000 horse-power at \$25	\$625,000 750,000
**	Total	\$1,375,000 320,000
	Net earnings from operation. Special reserve fund to provide against extraordinary contingencies, failure to sell full output during first five years of operation, etc., and to provide sinking fund for bonds after first five years.	\$1,055,000 175,000
	Fixed Charges.	\$880,000
	5% on \$8,000,000 bonds	\$400,000
	Net income. Dividend, 5% on \$4,000,000 preferred stock.	\$480,000 200,000
	Surplus applicable to common stock	\$280,000

The plant is capable of considerable increase in capacity; for a comparatively small additional cost per horse-power 75,000 horse-power can be delivered to Philadelphia for a lighting and power load; or it is possible to utilize the surplus power for eight or nine months in the year for electro-chemical purposes. Such increase in the plant will involve a slight increase in the operating expenses and fixed charges, but the earnings would be largely increased. A conservative estimate of increase in net earnings for the additional 25,000 horse-power will be \$300,000, making the total surplus applicable to common stock dividends, after deducting fixed charges on additional investment, of \$580,000.

FINANCIAL PLAN.

An issue of \$10,000,000 five peracent, gold sinking fund bonds will be authorized, of which not more than \$8,000,000 will now be underwritten at 90 per cent., and issued. The proceeds of this underwriting will be sufficient to complete the construction of the first 50,000 horse-power development, including auxiliary steam plant, transmission lines, sub-It will also station, with all equipment necessary to deliver power to Philadelphia. provide interest on bonds during construction, and leave sufficient margin for working capital. Strict provision will be made regarding the issuance of additional bonds.

The company will have an authorized capitalization of \$10,000,000 stock, one-half of which will be cumulative five per cent. preferred stock; the cumulative period to begin in the year 1909. Of this, not more than \$4,000,000 will now be issued. There will also

be \$5,000,000 in common stock, of which \$4,000,000 will now be issued.

This Eigreement, made at the City of New York, this first day of March, 1905, between Henry F. Dimock, S. R. Bertron and Charles T. Barney, President of Knickerbocker Trust Company (hereinafter called the "Managers"), and Knickerbocker Trust Company, a corporation organized under the laws of New York, or such other trust company, bank or financial institution as the Managers may select (hereinafter called the "Trust Company") and Susquehama Securities Company (hereinafter called "Securities Company"), a corporation organized or to be organized under the laws of the State of New York, and the undersigned subscribers hereto (hereinafter called the "Subscribers").

Whereas, it is intended to secure underwritings for Eight million Doilars (\$8,000,000) par value of the First Mortgage sinking fund thirty year Five per cent. Gold Bonds of a corporation to be organized and to be called McCalls Ferry Power Company or some other suitable name (hereinafter called the "Power Company") at Ninety per cent. of their par value, and to arrange whereby the Trust Company will advance on the bonds so underwritten Seventy-five per cent. of their par value as herein provided;

Now, THEREFORE, THIS AGREEMENT WITNESSETH:

That the Subscribers, in consideration of the premises and of the sum of One Dollar to each of them paid by the Securities Company and by the Trust Company, the receipt whereof is hereby acknowledged, hereby severally but not jointly agree with the Securities Company to purchase the bonds of the Power Company, of the said issue to the amounts set opposite the Subscribers, several signatures hereto respectively (or such lesser amounts as shall be allotted to them by the Securities Company) at the price of Ninety per cent. (90%) of the par value thereof, upon the following terms and conditions:

First.—Each accepted subscription for Ten thousand Dollars (\$10,000.) of such bonds shall entitle the Subscriber therefor to receive that amount of bonds and Five thousand dollars (\$5,000.) par value in the cumulative Five per cent. (5%) preferred stock of the Power Company or voting trust certificates therefor, cumulative from 1909. Subscriptions for larger or smaller amounts shall participate in like proportion.

Second.—Subscriptions hereunder shall be payable as follows: Ten per cent. (10%) of the par value of the bonds allotted shall be payable to the Trust Company for the account of the Securities Company within ten. (10) days after notice of allotment is mailed by the Securities Company to the Subscribers at their respective addresses, as given below, or if no such addresses are given, to their last known post-office addresses; and five per cent. additional one year from this date, upon similar notice, if the Securities

Company elect to make such call; the balance, being Seven Hundred and Fifty Dollars (\$750) per bond with accrued interest, shall be payable upon the maturity of the loan herein provided for.

Third.—The Trust Company agrees to advance to the Securities Company from time to time as called for the unpaid balance of the allotted subscriptions hereunder, being Seven Hundred and Fifty Dollars (\$750) for each bond subscribed for, upon the pledge of all the bonds and shares of preferred stock to which the subscribers are respectively entitled, such advances to be repayable two years from the date of the first advance with interest at six per cent. (6%) per annum, payable semi-annually, with a commission of one per cent. (1%) on the amount that the Trust Company agrees to loan; and the Securities Company is to have the right to a further extension of one year at the same rate of interest, with an additional commission of one-half of one per cent. Each Subscriber, in consideration of such advance, hereby guarantees to the Trust Company the repayment of a pro rata proportion of such advance with interest. The amount of each such guarantee, however, shall not exceed the unpaid proportion of the Subscriber's respective subscriptions, being Saven Hundred and Fifty Dollars (\$750, per bond with accrued interest.

Fourth.—The Subscribers agree that the Managers shall have a right, prior to the maturity of said loan, or its extension, to sell the bonds subscribed for, or any part thereof, for the account of the subscribers, pro rata, at not less than Ninety per cent. (90%) of the par value thereof and accrued interest, with a bonus of the preferred stock of the Power Company not to exceed Fifteen (15%) per cent. of the par value of the bonds so sold, and the Trust Company shall deliver said bonds or any part thereof so sold and the stock bonus when and as directed by the Managers upon receipt of such moneys as the Managers shall in writing certify to the Trust Company to be the net purchase price of the bonds sold. The proceeds of all sales of bonds shall be credited upon the said loan, and the amount of such credit shall pro rata reduce the Subscribers' several guaranties hereunder.

Fifth.—Payment by the Subscribers to the Trust Company of the amount of their several guaranties shall relieve them of liability to the Securities Company upon their several subscriptions. Such payment may be made in advance of the maturity of the loan at the option of the Subscribers, and upon such payment being made, the Trust Company shall deliver to the respective Subscribers, making the said payments, the bonds and shares of stock held for their respective accounts. The Subscribers making such payment shall upon delivery of the bonds, execute and deliver an agreement in such form as shall be required by the Managers, that the bonds so delivered will not be sold or disposed of until the power plant shall have been in operation for one year except on such terms as shall be fixed by the Managers.

Sixth.—The installments paid by the Subscribers and the moneys advanced by the 1 rust Company hereunder shall be deposited with the Trust Company and held by it for the account of the Securities Company, to be disbursed only under the authority of the

Managers for the purposes of paying for properties to be acquired by the Power Company, construction and improvement of the Power Company's plant and transmission lines, payment of legal and other expenses, commissions and interest upon advances, reasonable compensation of the Managers, working capital for the Power Company, and such other purposes of the Power Company and of the Securities Company as the Managers in their discretion may deem proper. The certificate in writing of the Managers chall be conclusive upon all concerned as to the propriety of payments made upon their direction, and the Trust Company shall be under no obligation to see to the application of moneys so paid.

Seventh.—The Trust Company may from time to time detach and collect coupons upon the bonds held by it, applying the coupon interest so collected upon the interest due or to grow due on the said loan.

Eighth.—The right is reserved to the Securities Company to reduce or reject any subscription and after allotment in their discretion to reduce all accepted allotted subscriptions by an amount not exceeding twenty per cent. (20%) and no Subscriber shall be released because of the reduction or rejection of the Subscription of any other Subscriber hereunder. It shall not be necessary for a Subscriber whose subscription has been so reduced to resign this agreement for the reduced amount, but his subscription shall be in force for such reduced amount as shown by the allotment of the Securities Company.

Ninth.—In case any Subscriber shall fail to pay the installments as and when called for, the Securities Company shall have the option of excluding such Subscriber from all interest in this agreement and in the profits thereof, without any proceeding at law or in equity, and new subscriptions may be taken in the place of such defaulting Subscriber.

Tenth.—In case any Subscriber shall make default in the payment of the amount guaranteed by him or any part thereof, the Trust Company may, upon ten days' notice in writing by mail, addressed to such defaulting Subscriber at his address as given below or if no such address is given to his last known post-office address and in such manner as it may determine, either at broker's board or at public or private sale, sell the bonds and shares of stock to which such Subscriber would be entitled upon making full payment, applying the net proceeds to the payment of the guaranty of such defaulting Subscriber and accounting to such Subscriber for the surplus if any. Upon any such sale the Managers or the Trust Company may become the purchaser of any bonds and shares of stock sold, free of any equity of redemption of the Subscribers. In case of any deficiency after such sale the Subscriber for whose account such sale may have been made promises to pay to the Trust Company the amount of such deficiency forthwith with legal interest.

Eleventh.—The Managers shall not be liable under any provision of this agreement or in any matter herewith connected or incidental thereto except for fraud and wilful negligence. They may be subscribers hereunder and may be otherwise interested in the Power Company in the Securities Company or in property to be sold to the Power

Company and in any other matters connected with the enterprise. In case of the death, resignation or refusal to act of a Manager or Managers, his or their successor shall be named by the remaining Managers or Manager and such successor or successors shall have all the powers of a Manager hereunder. In case of the death, resignation or refusal to act of all the Managers, then the Trust Company shall name their successors and such successors shall have all the powers of Managers hereunder. The Managers assume no responsibility for the statements of fact in the annexed prospectus and reports though they believe that such statements are true.

Twelfth.—The Trust Company is not to be responsible for any informalities in or invalidity of the bonds or shares of stock nor for any of the acts of any of the other parties hereto and no Subscriber shall be released from his guaranty because of any such matter or for any defense to the obligations of this agreement which he may have against any of the other parties hereto.

Thirteenth.—Pending the engraving or lithographing of the definitive bonds or shares of stock, temporary or interim bonds or shares of stock may be executed and deposited with the Trust Company in lieu thereof. The Managers may in their discretion provide for a Voting Trust for the shares of stock of the Power Company herein referred to, and for the shares of stock held by any other person or persons, and in such event the term "shares of stock" as herein used shall in all cases be construed to mean Voting Trust Certificates issued upon the deposit of such shares.

Fourteenth.—The Subscribers hereby severally appoint the Managers their respective agents and attorneys to do and perform all acts and execute and deliver all instruments which said Managers may deem necessary to carry out the purposes of this agreement.

Fifteenth.—This agreement shall not become effective until subscriptions for Six Million Dollars (\$6,000,000) of the bonds of the Power Company shall have been received, accepted and allotted by the Securities Company.

Sixteenth.—Nothing in this agreement shall be so construed as to constitute the Subscribers jointly and the Managers or either of them co-partners in this enterprise.

Seventeenth.—The audit of the President of any Bank or Trust Company in the City of New York shall conclusively establish the correctness of any accounts the Managers may render hereunder and settlement in accordance therewith shall operate to discharge them of all liabilities.

Eighteenth.—This agreement may be signed upon a number of counterparts with the same effect as if all the signatures hereto were upon one instrument. It shall bind and is for the benefit of the parties hereto and for their respective successors, executors, administrators and assigns, but no Subscriber shall be released from his obligations as a guarantor by any assignment of his interest herein.

IN	WITNESS	WHEREOF,	this a	greement	has been	executed the	day a	and	year	above
written.					-					
							5			

President.

Attest:

Secretary.

Managers.

By

President.

Attest:

Secretary.

Susquehanna Securities Company Draft of Certificate of Incorporation

CERTIFICATE OF INCORPORATION

OF

SUSQUEHANNA SECURITIES COMPANY.

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WE, THE UNDERSIGNED, ALL being persons of full age, and citizens of the United States, and residents of the State of New York, desiring to form a stock corporation pursuant to the provisions of the Pusiness Corporations Law of the State of New York, do hereby make, sign and acknowledge this Certificate for that purpose as follows:

FIRST. The name of the proposed corporation is "SUSQUE-HANNA SECURITIES COMPANY."

SECOND. The purposes for which it is to be formed are as follows:

To do any and all of the things hereafter set forth to the same extent as a natural person might or could do, as principal, agent, contractor or otherwise, either alone, or associated with other corporations or natural persons, and in any part of the world, and to receive, have and exercise all the rights, powers and privileges of natural persons in connection, therewith.

To aid in the formation, promotion, organization and

derwoods or in any wise disposing of their bonds, stocks,

or other obligations or securities.

To underwrite, subscribe for, purchase or otherwise acquire, for cash, or otherwise, to hold, sell, assign, transfer, mortgare, pledge, or otherwise deal in or dispose of, the stocks, bonds and other obligations or securities of any other corporation or corporations, domestic or foreign, and while holder or owner thereof, to exercise all the rights, powers and privileges of ownership including the rights to vote on all stocks or other securities of other corporations held more owned by it.

To issue in exchange for the stocks, bonds, and other obligations or securities of other corporations, its own stocks, bonds, or other securities or obligations.

To purchase or otherwise acquire for cash or otherwise,
its own stock, after the same shall have been issued and fully
paid according to raw, and to sell or otherwise dispose of
the same when se acquired, for cash or otherwise, and at any
price whatever whether greater or less than the par value of

To carry on the business of contracting and construction in all its branches.

said otock.

To build, erect, promote, construct, provide, acquire,

repair, equip, develop, improve, sell, lease, let, license to use, and otherwise dispose of all necessary or convenient dams, bridges, tunnels, viaducts, roads, ways, reservoirs, acqueducts, buildings, plant, machinery fixture, and apparatus, for the utilization and distribution of water power, and the generation and transmission of electricity and electric power, but not to operate the same or any of them.

To make, enter into, earry out, and perform all fawful contracts with any individuals, associations or corporations, in furtherance of or connection with its corporate purposes

To buy or otherwise acquire, to hold, own, use, occupy, rent, lease, mortgage, pledge, sell or otherwise deal in or dispose of real property to any amount in any part of the world, and any and all manner of personal property, except bills of exchange and other commercial paper, gold and silver bullion and foreign coins.

To carry on any and every lawful business which may be necessary, prefitable or convenient in connection ness and purposes of the corporation as herein set ferth.

Hone of the objects and purposes herein specified shall be in anywise limited or restricted by reference to or inference from the terms of any other clause or paragraph, but

each and every object and purpose shall be regarded as independent and separate.

All of the powers herein specified are to be regarded as in furtherance and not in limitation of the powers monferred by the laws and statutes of New York upon corporations generally.

THIRD. The amount of the capital stock is fille. fundred DOLLARS.

FOURTH. The number of shares of which the capital stock shall consist is fifteen SHARES of one here and DOLLAR each, and the amount of capital with which said corporation will begin business is fuller Tundred DOLLARS.

FIFTH. Its principal business office is to be located in the Borough of Manhattan, in the County, City and State of New York.

SIXTH. Its duration is to be PERPETUAL.

SEVENTH. The number of its directors is to be THRKE.

BIGHTH. The names and post office addresses of the directors for the first year are as follows:

-5-

NAMES.

POST OFFICE ADDRESSES.

1.3

CARY T. HUTCHINSON,

56 Paris St. al 4 coly

RENJAMIN BARKER,

HOWARD THAYER KINGSPURY, 7/ Breaders

NINTH. The names and post office addresses of the subscriber to this Certificate, and the number of shares of stock which each agrees to take in the corporation, are as follows:

NAMES.

POST OFFICE ADDRESSES! NUMPER OF SHARIE

CARY T. HUTCHINSON,

PENJAMIN PARKER,

HOWARD THAYER KINGSPURY.

TENTE. The Foard of Directors of the corporation shall have power, without the assent or vote of the stockholders, to make, alter, amend and rescind By-Laws for the regulation of the affairs of the company, to fix the amount to be reserved as working capital, or to be held so a reserve fund, and, except as etherwise provided by law, to determine whether and to what extent and at what times and places and under what conditions and regulations the accounts and broke of the corporation, or any of them, shall be open to the inspection of the steekholders. No steekholder shall have the right

to inspect any accounts, books, or documents of the corpora-

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(3)

tion, except as provided by statute or authorized by the di-

With the consent in writing of the holdersof a majority in interest of the stock issued and outstanding, the Poerd of Directors shall have power and authority to sell, assign, transfer or otherwise dispose of all the property, rights and franchises of the corporation.

and adopted by vote of a majority of the whole Foard, designate of their number to constitute an Executive Committee which Committee shall, whenever the Board of Dinactors is not in session, have and exercise all the powers in the management of the business and affairs of the corporation, which may lawfully be delegated to such Committee either by such resolution, or by the Ry-Law of the corporation, and shall have power to authorize the seal of the corporation to be affixed to any and all instruments requiring it.

The Board of Directors shall have power to appoint all officers, agents, representatives and employees of the corporation, to prescribe their duties, and to fix their compensation.

The Feard of Directors, in addition to the powers and authority by statute and by this certificate expressly conferred

The corporation may, by a resolution duly adopted by vote of the stockholders, confer additional powers upon the Board of Directors, and prescribe the number necessary to constitute a quorum of the Foard of Directors.

valid if such regulations had not been made.

IN WITNESS WHEREOF, We have made, signed and acknowledged this Certificate in duplicate, this day of March, in the year One thousand nine hundred and five.

STATE OF NEW YORK,)
COUNTY OF NEW YORK,)

ON this day of March, 1905, before me personally came, CARY T. HUTCHINSON, PENJAMIN PARKER and HOWARD THAYER KINGSPURY, to me personally known and known to me to be the persons described in and who executed the foregoing Certificate, and severally duly acknowledged to me that they executed the same.

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Letters by Lee, Higginson & Company Re: McCall Development

MSCFPG-11

LEE, HIGGINSON & CO.

L.

March 10, 1905

PER S. S. ST. PAUL

Robert Fleming, Esq. .

London, England.

My Dear Mr. Fleming:

we have given a good deal of time and attention to studying a proposed development of water-power on the Susquehanna River at McCall's Ferry. Ten years ago I looked into a water-power at a lower point on the giver. I studied the possibilities for the sale of power in Baltimore where it was intended to take it, and concluded, after a week's work, that this nover was not worth taking up at that time. Some time ago, Mr. Caffin, President of the General Electric Company, brought he McCall's Ferry power to our attention. This power is about forty miles distant from Baltimore, and about sixty-five miles from Philadelphia. McCall's Ferry is in Lancaster Courty, or on the borders of Lancaster Courty. This is one of the rionest agricultural sections in the United States. The surrennding country is full of trolley cans and electric light companies.

tightion for some years. Mr. George S. Morrison, now deceased, who was very well known to us, and was one of the most eminent engineers in this country, investigated the project most thoroughly and made plans for the dam, etc. Mr. William Barclay Parsons, who was the chief engineer of the Rapid Transit Commission of New York, and who is now the consulting engineer of

R.F.-S. March 10,1905.

the Interborough Rapid Transit Company, took up the work where it was a left by Mr. Morrison, and has completed it. In general I will say that the engineers report that there is no diffigulty in building the dam, that there can be no danger of ice and that in every way the project is feasible.

The cost of the development has been figured by Mr. Parsons, by Mr. Morrison, and in part by Mr. Coffin and other officials of the General Electric Company. The cost of the dam, power house, all hydraulic and electric equipment, including three transmission lines to Philadelphia, with sub-station is estimated at \$4,041,000

Cash for property and rights of way, in addition to took to be issued by the Company,

1,000,000

Interest during construction.

450,000

Total cost without steam prent

\$5,491,000

This development will be for 50,000 horse-power.

In the territory tributary to this development there is at present more than 500,000 horse-power in ase. There is, in our opinion, no question whatever of there being sufficient demand for the power developed within a satisfactory distance at a profitable price.

The figures given to us are much larger than the actual estimates of the engineers. They have been increased in every possible way in orderate make them most conservative. Mr. Coffin has, himself, given a good deal of attention to these figures. He thinks them very conservative.

In Mr. Parsons's report, of which I enclose a copy, you will find full statements in regard to the sufficiency of water.

The estimate of receipts and fixed charges of the Company is

R. . -3.

as foliows:

Receipts.	
25,000 h. p. at \$25	25,000
25,000 * * \$30	50,000
Total,	75,000
Total operating expense,	20,000
Not earnings from operation, \$1,0	55,000
Special reserve fund to provide against extraord- inary contingencies, failure to sell full output during first five years of operation, etc., and to provide sinking fund for bonds after first	
five years, 1	75,000
Balance,	80,000
Fixed Charges	
5% on \$5,000,000 bonds	00,000
Net income,	80,000
Dividend, 5% on \$4,000,000 preferred stock 2	00,000
Surplus applicable to common stock	60,000

We believe that it will be possible to sell a great deal of this power at a good deal over \$30 per horse-power, but for our own purposes we should prefer to estimate all the receipts from horse-power at \$25 per horse-power. This will make the surplus applicable to the common stock \$125,000 has than that above stated.

It is proposed to issue \$10,000,000 five per cent. gold sinking fund bonds, of which not more than \$8,000,000 will now be underwritten at 90 per cent. The underwriters will be called upon for 10 per cent. of their underwriting, possibly for 5 per cent. in addition. It is not expected that they will be called upon for more than 15 per cent. in all. We see no reason why it will not be possible

R. F., -4.

to sell these bends from time to time while this development is under construction, or after it has been completed. An arrangement has been made with a Trust Company to advance all such funds as may be neces.

sary with the exception of the 15 per cent, to be paid in by the under-writers.

with the 38,000,000 of bonds underwritten will go \$4,000,000 of 5 per cent. cumulative preferred stock. This will be the profit to the underwriters. The syndicate managers believe that they will be able to sell the bonds when the preper time comes without riving any sof this preferred stock.

In addition to this issue of preferred stock there will be an issue of common stock, all of which will be used in acquiring the rights from the promoters, who have been cut a large sum of money for several years.

The authorized issue of fonds will be \$10,000,000, the authorized issue of preferred stock \$5,000,000, and the authorized issue of common stock \$5,000,000. The million of bonds, \$1,000,000 of preferred and \$1,000,000 of common stock will remain in the treasury of the company.

The engineers estimate that two years will be required to complete this development. We thruk, ourselves, that it is safe to estimate three years. We do not believe that the transmission lines to Philadelphia will ever be built, because it seems as if a market will be found for all the power developed near McCall's Ferry long before the development is completed.

This is the only considerable water-power between New York and Washington, with the exception of a possible later development on the Susquehanna River at a lower point. The McCall's Ferry Power

Gardiner M. Lane

R. P., -5.

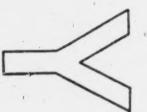
Company is obtaining rights to this other power.

the Susquehanna River. This has been developed, and all the power is now used in York. The dam at this point has withstood heavy ice, though it is not nearly so well constructed as will be the dam at McCall's Ferry.

We propose to take a block of this underwriting for ourselves. We hope that you will feel like taking some also. Please
cable us upon receipt of this letter.

Enc.

P.S. Mr. Higginson thinks very highly of this undertaking, and thinking that to would interest you, he asked de to write you regarding it.



LEE, HISCHISON & CO., 44, Brate Street, L. BOSTON

PER S. S. OCEANIC.

March 13, 1905.

Robert Fleming, Esq.,

London, England.

Dear Mr. Fleming:

In locking over my letter to you of March 10th, I regret to find that the estimate of cook, through a stenographic mistake was given in part only. The following is a correct statement of the estimated cost:

1.	Retinate of W. B. Parson for dam, power house, all hydraulto and electric equip-	•	9
	ment, including thee translission lines to Philadelphia, with sub-station,	\$4,041,000	
2	Cash for property and ights of way, in addition to stock to be issued by the company,	1,000,000	
3.	Interest during construction,	450,000	H.)
4.	Total cost, without steam plant, Auxiliary steam plant, maximum capacity of	\$5,491,000	
**	30,000 horse-power,	1,200,000	
		\$6,691,000	
5.	Working capital,	509,000	
		\$7,200,000	

You will see from this that the estimate of cost of auxiliary steam plant and working capital were chaitled from my letter of the 10th.

Very truly yours,

(Signed.) Cardiner Martin Lane.

This letter confirms our cable of this date on the sale sub-

Lee's Affidavit @

STATEMENT

o of .

GEORGE C. LEE, A PARTNER OF LEE, HIGGINSON & CO.

At the request of Mr. Donald Gunn, representing the Pennsylvania Water and Power Company, I have placed a value on 5,000 shares of McCall Ferry Power Company common stock which Lee, Higginson & Co. received as compensation for placing more than \$2,000,000 per value of McCall serry Power Company bonds.

I was a member of the firm of Lee, Higginson & Co. at the time these bonds were placed and had been a member since September, 1900. I was first associated with the firm in 1894.

It is difficult for me to place a value on this stock, because of the long lapse of time since the transaction and also because the enterprise passed through a receivership and the stock untimately became worthless. I have examined the documents which were submitted to me; I have also examined my firm's records of the McCall Ferry development and have made a careful analysis of the underwritings immediately prior and following the McCall Company transaction. My investigation of this matter has developed the following facts concerning my firm's connection with this enterprise.

- (1) About 1898 the development of the Susquehanna River for hydroelectric purposes came to the attention of our firm, and we employed Stone &
 Webster to make an examination and report independently of other engineers
 whose reports had been submitted to us. After receiving the report of Stone
 & Webster, my firm decided against taking action in the matter at that time.
- (2) About 1903, Charles A. Coffin, then President of the General Electric Co., called our attention to the proposed development at McCall verry on the Susquehanna River. At that time and for a year following, the market for that type of security was rather weak and no attempt was made to underwrite the project until early 1905.

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- in January 1905 by William Barclay Parsons, a well-known engineer. His estimates were reviewed by Mr. coffin and both men believed the estimates conservative and the proposition sound. Our firm participated in underwriting under the syndicate managed by Henry F. Dimock, S. Reading Bertron and Charles T. Barney. This underwriting agreement was dated March 1, 1905. We obtained approximately two and a half million dollars of subscriptions, but the other interests in the underwriting had not been successful in obtaining the remaining necessary subscriptions and the Tinancing encountered difficulties.
- (4) The Syndicate managers then decided to ask Harvey Fisk & Sons to head a new Syndicate. The Fisk firm agreed to head a new Syndicate to complete the financing. The Fisk underwriting agreement provided for a 45% bonus of preferred stock with the bonds, while our commitments had been made on a basis of 50% bonus. Hervey risk & Sons were desirous of retaining the subscriptions already obtained under the Dimock-Bertron-Barney underwriting. Accordingly, they agreed to provide our subscribers with a 50% bonus, thus continuing in force the agreements between our firm and our customers. Our firm became a subscriber to Harvey risk & Sons' underwriting to the extent necessary to cover our subscriptions. This had the effect of our firm and not our customers being directly liable to Harvey risk & Sons for over two and a half million dollars of underwriting.
- (5) Our records show that our total compensation was 5,000 shares of common stock and that it was based on handling \$2,000,000 par value of bonds. We actually handled a few additional bonds besides the firm's own subscription, but did not receive additional compensation. I have corefully reviewed the results of my firm's underwritings between 1900 and 1908 and find that on participations comparable to the McCall Ferry proposition we customarily earned 5 points or more in cash on the par value of bonds handled.

- 3 -

- (6) My firm would not have participated in the McCall Ferry proposition unless they believed their stock compensation had a total value of at least \$125,000 at the time they agreed to accept the stock in lieu of a cash commission. This would make the stock worth \$25 per share. It is my opinion that a division of the firm's assets, as in the case of a change in members, immediately following the acceptance of this stock as compensation, would have been based on a value of not less than \$25 per share for this stock.
- changed to increase the capacity of the plant which necessitated obtaining more money: In the summer of 1907 it was decided to sell another half million of bonds, and it was suggested that my firm handle \$100,000 par value of them. Before they were placed, the financial market became unfavorable and was followed by a financial panic in the fall of 1907.
- (8) Toward the close of 1907, construction work was suspended. In view of the obligations of Lee, Higginson & Co. in connection with the loan on the bond purchase agreements of its customers, we asked Stone & Webster to make an investigation of the McCall Ferry Power Co. project. It soon developed that a very lengthy investigation would be necessary. As this entailed more time and expense than we had anticipated, we terminated the proposed investigation. However, in July 1908, our firm joined with Harvey Fisk & Sons and the General Electric Company in sharing the cost of an investigation by Electric Bond & Share Co.
- (9) In October 1908 cur firm was one of four each of whom loaned the McCall Ferry enterprise \$100,000. In November, 1908, default on the motes of the enterprise which were held by the Knickerbocker Trust Company, made the deferred bond subscribers liable for the principal. By arrangement, an additional payment by the deferred bond subscribers of 20% of the price of the bonds was made and new notes were drawn in the names of the subscribers.

This resulted in my firm incurring an obligation of 60% of the purchase price on \$2,350,000 per value of bonds. In December 1908, McCall Ferry Power Co. defaulted on its bond interest and a bondholders committee was formed on which my firm was represented by Gardiner M. Lane, the member who had represented us in the McCall Ferry Power Company affairs. In the fall of 1909, this committee redeemed the note for our loan of \$100,000. A reorganization followed and the assets of the McCall Company passed to the Pennsylvania Water & Power Company, an exchange of McCall bonds having bean made for securities of the new Company.

7417 10, 1939.

my C. Lee

Commonwealth of Massachusetts) ss.

July 10, 1939.

Steorge Millett

Then appeared before me GEORGE C. LEE who made oath that the above statement is true to the best of his knowledge and belief.

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Fisk Affidavit and Correspondence

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Examination of PLINY FISK by W. D. Cole at the Memorial Hospital, 106th Street and Central Park West, New York, N. Y., held on the 29th day of December, 1938, at 1.30 o'clock P.M., before Wilton D. Cole, Notary Public.

- Q. What is your name?
- A. Pliny Fisk.
- Q. What is your business?
- A. I am retired from business. From 1884 to 1923 I was associated with the firm of Harvey Fisk & Sons, a banking firm which was organized by my father, Harvey Fisk, and of which I became a senior partner in or about the year 1890. From that time until 1923 I was the active head of the firm and controlling partner.
- Q. What was the business of Harvey Fisk & Sons?
- A. It was started as a private banking firm by my father, but from about 1890 until 1923 it was one of the leading Government Bond investment houses in New York, and for many years the outstanding firm in that field.
- Q. Did your firm also engage in the underwriting and origination of new issues for private companies?
- A. Yes.
- Q. Do you recall financing of the McCall Ferry Power Company?
- A. Yes.
- Q. About what year did that financing take place?
- A. In the year 1905.
- Q. Do you recall the details of that financing?
- A. Naturally my recollection of this business had been dimmed due to the many years that have elapsed since 1905; but during the past six months my recollection has been refreshed. In June, 1938, a representative of the Pennsylvania Water and Power Company, Mr. Donald Gunn, called on me and asked for permission to examine the records of my old firm relating to the McCall Ferry Power Company. I told Mr. Gunn that I would be very glad to have my son, Pliny Fisk, Jr., and my personal attorney, W. D. Cole, make a search for these records. That was the only occasion upon which I spoke with Mr. Gunn. My son, Pliny Fisk, Jr., and Mr. Cole made a very thorough search for records of the old company. Their search established the fact that all of the

records of Harvey Fisk & Sons relating to the McCall Ferry Power Company deal had been destroyed. However, I have examined the photostatic copies hereto attached and identified by my fnitials, which photostatic copies I believe are true and correct copies of the original documents or of true and correct copies thereof.

- Q. As a result of your examination of the records and papers connected with the above, would you explain the manner in which this business originated?
- A. This business was brought to my attention by William M. Barnum, a partner in my firm. He had, as I recall, about a 15% interest in the profits of the firm. His interest was either second or third largest interest of any of my partners. I had a great deal of respect for Mr. Barnum's ability and judgment, both as to business matters and as to legal matters, and during the time that he was with my firm I placed confidence and reliance upon him with respect to the matters he was handling.

I took very little active interest in the McCall Ferry Power Company management or supervision. I turned the matter over to Mr. Barnum to handle and gave him complete authority and discretion in the handling of this deal. It was the practice of our firm for partners who were handling matters such as the McCall Ferry Power Company to meet weekly or oftener with the other partners for a general discussion of them. This practice was followed with respect to the McCall Ferry Power Company matter. Mr. Barnum managed the affairs of the company and reported weekly or oftener at these general partners' meetings, and discussed with the other partners the policies to be followed. The execution of these policies with respect to the McCall Ferry Power Company deal was left with Mr. Barnum.

- Q. During what period did Mr. Barnum represent the firm of Harvey Fisk & Sons with respect to the management of McCall Ferry Power Company deal?
- A. During a period of more than three years, that is, from the organization of the company until the affairs of the company were taken over by the Reorganization Committee, which, as I recall, was some time in 1908.
- Q. I hand you this paper. Are you familiar with it?
- A. Yes, this is the underwriting agreement, dated March 25, 1905, between Harvey Fisk & Sons and the subscribers for the bonds and preferred stock of the McCall Ferry Power Company.
- Q. Is this the agreement under which the McCall Ferry Power Company was financed?
- A. Yes.
- Q. Will you describe briefly the substance of this financing?

- My firm took over and headed the financing, and dominated the entire picture from the date we first decided to participate in the business and dictated the policies and all important decisions. Subscription agreements were obtained from subscribers in the form of this agreement to the amount of approximately \$8,000,000. Under this agreement each subscriber received one \$1,000 par value bond and \$450 par value preferred stock of the McCall Ferry Power Company for a consideration of \$900. The total consideration paid by subscribers under these subscription agreements totalled approximately \$7,200,000, which were the funds estimated as necessary to adequately finance this project.
- Q. What did your firm agree to do in connection with the financing of the McCall Ferry Power Company and what compensation did you receive?
- My firm undertook to act in two capacities in connection with this matter. As bankers we underwrote the issue and arranged for the sale of the approximately \$8,000,000 of bonds and the preferred stock. In addition to this, however, my firm also undertook to manage the project while it was being built. I am unable at this date to give an exact statement of the total compensation to my firm for acting in both of these capacities, and I cannot give any exact segregation between the portion of the consideration applying to the banking services and the portion applying to the supervisory services. However, it would have been the custom of my firm for services of these natures to demand and receive at least 51% of the common stock of the enterprise on behalf of my firm and other banking interests in the I certainly do not recall that there was any exception made in the case of McCall Ferry Power Company and I believe that my firm and banking interests in this deal initially received more than half of the common stock. It is my opinion that the value of the banking services of my firm was at least \$250,000. This estimate is based upon Harvey Fisk & Sons acting as syndicate managers and actually selling approximately one-half of the \$8,000,000 bond issue. In my opinion, the management services performed by my firm for the McCall Ferry Power Company were as a contract of a McCall Ferry Power Company were of a value of not less than \$150,000. The primary responsibility for super-vising the construction of the project, the selection of personnel, and the selection of experts, engineers and contractors was imposed upon Harvey Fisk & Sons. Mr. William M. Barnum, one of my principal partners, as I have pointed out, devoted a very considerable portion of his time to this project and was, in fact, in active charge of and had full responsibility for the entire project. Mr. Barnum's share of my firm's profits averaged \$115,000 per year. This represented his share of net profits after deduction of overhead and expenses and would indicate that my firm would charge for his time on a considerably higher basis.
- Q. Do you consider that such management services by your firm were services of a banking nature?

- No. They clearly were not. The services of a bank firm such as Harvey Fisk & Sons at that time in connection with this project would ordinarily have The services of a banking involved only the underwriting and sale of the securities, as I have just stated to you, and our responsibility, as bankers, would at most have been only to keep familiar with the development and operations of the project. We would not have undertaken the far greater responsibility of actual supervision and management merely for the banking fee and without substantial additional compensation.
- Do you consider that the above mentioned sum of Q. \$150,000, which you have estimated for such management services, is in addition to the sum of \$250,000 for banking services?
- We could not and would not have undertaken such management responsibility without additional compensation at least in the amount that I have stated.

I have read the foregoing questions and answers and the same are true to the best of my knowledge and belief. Pluny Fishs

Subscribed and sworn to before me this 29th day of December, 1938.

Notary Public

C.

שונדריין ח. מסנם * * CA CURSIDA NE 222 SE **CER PORM MD 55

PENNSYLVANIA WATER AND POWER COMPANY

	FILE	M-1711.395
	Refer	red to
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3	Note,	
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Jamiary 9.	Reope	

Re: Determination of Original Cost -Pennsylvania Water & Power Company.

Mr. Wilton D. Cole, 233 Broadway, New York City.

Bear Sir:

Under separate cover I am sending you today a copy of our story of Harvey Fisk & Sons' connection with the McCall Ferry development, together with a substantial volume of exhibits. The latter are mostly photostats of original documents in our files here in Baltimore. We will appreciate your arranging for Mr. Pliny Fisk, Sr., to go over our story of his firm's connection with the McCall Ferry Power Company and indicate such changes as are necessary to bring it into conformity with his memory and judgment.

The exhibits accompanying our write-up cover all the important documents we have been able to locate. Because many essential facts in this story are not now available, we have found it necessary to draw freely upon suppositions and conjectures. We desire Mr. Fish to give us the benefit of his memory and judgment as to how these events transpired without regard to whether his statements may or may not conflict with our suppositions.

Mr. Fisk will remember some of the facts and circumstances recited in our version of the McGall Ferry financial history, but many of them he will not recall. Regarding the facts and transactions which Mr. Fisk does not recall, we all greatly appreciate his giving us the benefit of his judgment as to the conclusions we have drawn. It will be helpful if he will, in his comments and remarks, distinguish between the things he recollects and those on which he gives us his judgment.

There are a number of important points in the history of the McCall Ferry financing as we have developed it on which we are uncertain and particularly desire Mr. Fisk's opinion. These are as follows:

1. How did Harvey Fisk & Sons look upon the arrangement through which they become interested in the McCall Ferry proposition? Did they consider the transaction a purchase of control from the Hutchinson-Dimock interest? Was it a partnership arrangement between Harvey Fisk & Sons and the Butchinson-Dimock interests, or was it some other kind of relationship? Mr. Wilton D. Cole New York City. January 9, 1939.

- 2. What relationship did S. R. Bertron of the firm of Bertron, Storrs & Griscom bear to Harvey Fisk & Sons under the financing and management plan for the McCall Ferry development?
- 3. Why was Harvey Fisk & Sons willing to have only one of three positions on the Voting Trust under the Stock Deposit Agreement, thus risking possible loss of voting control of the enterprise?
- 4. How was Harvey Fisk & Sons' control over the McCall Ferry enterprise actually exercised?
- 5. How did Harvey Fisk & Sons plan to exercise control over the enterprise after the expiration of the Stock Deposit Agreement on November 1, 1908?
- 6. How, or through what arrangement was Harvey Fisk & Sons represented in the McCell Ferry enterprise after Wm. Bernum resigned from the firm in July, 1908?
- 7. Did Harvey Fisk & Sons look upon their option right to repurchase the McCall Ferry Power Company bonds at 90 as an asset or a liability?
- 8. Was the 80% loan on the bond subscription agreements made by Knickerbocker Trust Company considered a privilege or an obligation by the Trust Company?
- 9. Why was the stock transfer agency changed from Harvey Fisk & Sons to the Knickerbocker Trust Company in November, 1908?
- 10. What form of compensation did Harvey Fisk & Sons receive for the services they rendered the McCall Ferry development?
- 11. What did Mr. Fisk consider the common stock of the McCall Ferry Power Company worth when he accepted it?

To realize that our requests in this matter are going to be very burdensome to Mr. Fisk, and that we probably cannot get as much of his time as we might like to have. Thile we are, of course, anxious to complete this work, we want Mr. Fisk to take as much time as he is willing to devote to this matter. Anything that he can add to our story, or any particular in which he feels it should be changed, will add materially to its suthenticity.

It is desirable that we have an authentic record of Mr. Fisk's recollections and comments. We have left a wide margin on the copy of our version of the McCall Ferry financial history, and hope that he will record his notes in this margin. It is also desirable that he initial the exhibits. We suggest that any answers be any be able to give us to the specific questions in this letter be witnessed.

Yours very truly,

DG/H

Pozelé Guns

WILTON D. COLE

233 BROADWAY NEW YORK

January 28, 1939

Pennsylvania Water & Rower Company, Lexington Building, Baltimore, Maryland.

Attention: Mr. Donald Gunn.

Dear Mr. Gunn:

Pursuant to your letter of January 9, 1939, I have had several talks with Mr. Fisk, during which I have read to him and discussed with him the 23-page summary of McCall Ferry financing and Harvey Fisk & Sons connection wi it, with the attached exhibits, which you forwarded to me with your letter.

We had, of course, discussed most of the facts set forth in such summary on a number of occasions during the past four months and he confirmed to me that the story seemed to him a fair statement of the deal as he recalled it and of his firm's position in it.

I am returning herewith such summary to you with his comments on page 23 thereof.

I also discussed with Mr. Fisk the points referred to by you in your above letter and in accordance with our discussions, prepared the enclosed summary of his comment on them. The statement, of course, is in my words, not his, but sets forth accurately, I believe, his views. I read such statement to him and he signed it, after stating his approval of it. I also enclose such statement herewith.

Very truly yours,

Viltary & Tol

Memorandum of Comments of Pliny Fisk to Points Raised in Letter from Donald Gunn, dated January 9, 1939

- 1. In financing projects such as this with appreciable development risk and particularly where the Bankers' compensation was principally or entirely in the form of stock, Harvey Fisk & Sons would certainly insist on having control. We considered the deal a "buy-out" of the Hutchinson-Dimock interests by ourselves and Bertron, Storrs & Griscom. We certainly did not have, in any sense, a partnership relationship with the Hutchinson-Dimock interests.
- 2. As S. R. Bertron of Bertron, Storrs & Griscom brought the McCall Ferry deal to Harvey Fisk & Sons in a partially financed condition, Bertron, Storrs & Griscom were joint account with Harvey Fisk & Sons but, because of our greater prestige, their name did not appear on the subscription agreements. We dealt with S. R. Bertron as representative and principal partner of Bertron, Storrs and Griscom.
- 3. The interests of Bertron, Storrs & Griscom and Harvey Fisk & Sons were identical in financing the McCall deal. We were both bankers and Harvey Fisk & Sons knew that Bertron, Storrs & Griscom would vote with Harvey Fisk & Sons on all matters of policy. Harvey Fisk & Sons thus clearly held control of the McCall Ferry Power Company under the voting trust arrangement.
- 4. The three banking interests; ourselves, Bertron, Stors & Griscom, and Lee, Higginson & Co. held a majority of the

common stock and, as the principal banking interest, Harvey
Fisk assumed responsibility for the management of the company.
Under the circumstances it was clear that we would and did
have no difficulty in exercising such control. Such control
was actually exercised by us through our partner, Mr. William
M. Barnum.

- 5. We believed that even after expiration of the voting trust, the banking group, in view of their large holdings, would have no difficulty in retaining working control.
- 6. Wm. M. Barnum continued to represent Harvey Fisk & Sons in the McCall Ferry enterprise after his withdrawal from the firm. There had been no trouble or dissension which caused him to leave the firm and he continued on excellent terms with me.
- 7. We considered options of this type as obligations to the subscribers to take them out of their investment. If we failed to do so, as in this case, we felt it was harmful to the reputation and interests of the firm.
- 8. I don't know.

9. Have no idea as to the reason for it, except convenience.

10. Stock only: common stock, in my opinion at least as much as the 12,000 odd shares that went to Bertron, Storrs to Griscom and probably the difference between that amount and the 30,000 shares represented by one of the two large certificates issued; also apparently the 1800 odd shares of preferred stock that went to my firm.

11. I have already figured that the value of services of my firm in handling the financing of this deal was \$250,000. and in undertaking the responsibility for management during the construction and development period was not less than \$150,000.

It is difficult for me to fix at this time a value for this stock, particularly, because of the later developments. But I am of the opinion that the common and preferred stock of the McCall Ferry Power Company, at the date we received it, had a value in our judgment of at least \$400,000. Otherwise we would not have undertaken the financing. I am of the opinion, therefore, that the preferred stock we received might be figured at 50, or a value of about \$95,000., leaving \$305,000. as the value of the common stock we received, or approximately \$18. a share.

Vituas: 1/28/39

approved fling take

Exhibit No. 27—Page 80 (Part 10) [21640] Bond and Stock Purchase Agreement, March 25, 1905

Susquebanna Power Company.

Bond and Stock Purchase Agreement.

the one part, and HARVEY FISK & Sons, Bankers, of the City of New York, hereinafter called the "Bankers," of the other part:

Whereas, a plan has been devised for acquiring certain riparian lands and interests on the Susquehanna River, in the Counties of Lancaster and York, in the State of Pennsylvania, near McCall's Ferry, and for developing the power and storage capacity thereof which it is estimated will produce a supply of at least fifty thousand (50,000) horse-power, which plan is acceptable to the owners of said lands and interests, and is as follows:

PLAN.

A corporation, hereinafter called the "Power Company," is to be formed, with the name "Susquehanna Power Company," or other appropriate name, capitalized as follows, namely:

- (1) Five million dollars (\$5,000,000) of common stock;
- (2) Five million dollars (\$5,000,000) of preferred stock entitled, in preference to the common, to par on distribution, and to dividends of five per cent. per annum, which dividends shall be cumulative after four years from the organization;
- (3) Ten million dollars (\$10,000,000) of thirty-year five per cent. Gold Bonds, secured to be paid by a mortgage which shall be a first lien (either directly or by pledge of stocks representing the unencumbered ownership thereof) upon such lands and interests, easements, water rights, dam, power plant, equipment, lines for distribution of electric current and other property as shall be acquired or produced by or for the Power Company in consideration of the issue of its said stocks and bonds, such mortgage to require the payment of one hundred and sixty thousand dollars (\$160,000) annually after five years into a sinking fund for retiring the bonds;

All of said bonds and stock, except two million dollars of bonds and one million dollars of preferred stock, which are to be reserved for other corporate purposes, are to be issued in acquiring said riparian lands and interests, and in providing for the construction of the dam and other works estimated to be necessary to produce a continuous supplied of fifty thousand horse power and equipping the same with the lines of transmission and distribution deemed requisite to render such power marketables for all profits, in connection with the bringing together and turning in of the said properties, for compensation for financial assistance except as hereinafter stated and for organization, corporate, legal and other proper expenses in connection with the acquisition of said lands and interests and the said construction;

WHEREAS, the Bankers have been requested and are willing to aid in financing the said Plan to the extent of taking agreements from the Subscribers for the purchase of bonds and preferred stock of the Power Company, of acquiring the bonds and stocks for delivery under uch purchase, and of making or procuring the loans hereinafter mentioned;

Now, Therefore, each Subscriber hereby agrees with the Bankers, upon the terms and conditions hereinafter stated, to purchase from them bonds and preferred stock of the Power Company to the amount written after his signature hereto, or such smaller amount as they may allot, and to pay therefor at the price and times hereinafter mentioned.

The price is nine hundred dollars, and accrued interest, if any, for each one thousand dollar bond, together with preferred stock of the par value of four hundred and fifty dollars, and is payable to the Bankers at their office No. 62 Cedar Street, New York City, in instalments of not more than twenty per cent. each, the first upon five days' notice on or after allotment, and the others upon call of the Bankers on twenty days' notice. Subscribers are to be credited with interest at five per cent. per annum upon all instalments from times of payment until delivery of bonds and stock.

Subscribers have the option, by signing a copy of this agreement which so provides by its last clause, to defer for at least three years call and payment of all instalments after the first, and each Subscriber so electing and signing hereby guarantees payment of interest and commissions upon as much of the loan or loans hereinafter provided for as the total amount of the instalments of his purchase price so deferred.

It is understood that all interest and commissions herein mentioned will be paid as part of the cost of producing the plant and equipment.

Upon the pledge of these purchase agreements of Subscribers so deferring payment, together with the bonds and stocks to be taken thereby, the Bankers will, as money shall be required for construction and equipment, procure a loan or loans up to the aggregate amount of such deferred payments, at a cost of not exceeding interest at six per cent, per annum upon the amounts actually loaned, and a commission of not over one-half of one per cent, per annum upon the amounts agreed to be loaned, as and if required, and such Subscribers hereby severally authorize such pledge.

In case, after allotment, less than the above-mentioned issue of bonds should be found requisite, each Subscriber consents to a proportionate reduction of the amount of his allotment hereunder.

Appropriate receipts of the Bankers, negotiable in the manner therein provided, will be issued for all payments, calling for delivery of bonds and stock when ready.

after full payment, and not later than one year after completion of construction for producing and distributing power; such receipts to be expressly subject to the option hereinafter provided. No assignment, transfer or other disposition of any such receipt shall discharge or diminish any obligation of any Subscriber hereunder.

The Bankers have the option at any time before final delivery of bonds and stock to re-purchase from the Subscribers all or any part of said bonds at ninety dollars for each one hundred dollars of aggregate principal amount, upon thirty days' notice mailed to holders of receipts at their last known addresses. In case of such purchase of less than all the bonds taken by the Subscribers hereunder, the same shall be made from all the Subscribers proportionately. Upon maturity of such notice all interest payable to Subscribers shall cease, to the extent of interest on the purchase price so to be repaid, and all receipts must be surrendered in exchange for such price and to new receipts calling only for the remainder, if any, of the bonds and for the preferred stock.

No partnership or joint relation of any kind results from this agreement, nor do the Bankers assume any fiduciary relation of any kind, or any obligation to cause the plan aforesaid to be undertaken or carried out.

The Subscribers intend their agreements herein to be relied upon by the Bankers in their arrangements to acquire the bonds and stock hereby agreed to be purchased from them, and severally waive notice of acceptance.

Signatures to this agreement, though made upon different papers, some of which differ from the others in the last clause, shall be deemed signatures of one agreement, and the Bankers may be Subscribers.

The Subscribers to this paper do not elect to defer payment, as hereinbefore provided, of installments after the first.

NAME.

AMOUNT.

ADDRESS

[21644]

(1.7) (G)

Susquebanna Power Company.

Bond and Stock Purchase Agreement.

B

No. 910-7

P. W. & P. C. 1611 LEXINGTON BLOG. BALTIMORE, MD. Correspondence Re: Lee, Higginson & Company's

Compensation as Bankers

BERTRON, STORRS & GRISCOM, Wankers.

PHILADELPHIA. 40 WALL STREET.

New York, March 25, 1905.

Mesers. Lee, Higginson & Co.,

44 State St.,

Boston, Mass.

contlement-

the Bankers, Mesers. Hervey Fisk & Sons, 25% of common stock on the SUSQUENANNA WATER POWER Underwriting on \$2,000,000 subscriptions to be furnished by you, or \$500,000 par value of the same, together with 5% of preferred stock, making the total amount of preferred stock 50% of the subscriptions, instead of 45% as called for in this subscription. The same to be transferred to you as soon as issued.

Very truly yours,

And Fem 9 Sucan

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BERTRON, STORRS & GRISCOM. Bankers.

PHILADELPHIA. HEWYORK

New York, March 28, 1905.

Mesers. Les, Higginson & Company,

44 State St.

Boston, Massa

Gentlemen: -

We have your letter acknowledging receipt of ours in reference to the common and preferred stock due you on completion of your Underwriting.

In addition we would say, that on the additional \$500,000 allotted you, making you \$2,500,000 in all, lessrs. Harvey Fisk & Sons have agreed with us that you are to have the whole 50% of preferred stock to go with this Underwriting, the 5% in addition to the 45% called for in the subscription to be supplied by us.

Very truly yours,

But 5. 5

BERTRON, STORRS & GRISCOM;

Bankers.

PHILADELPHIA

40 WALL STREET

New York, March 30, 1905.

Masers. Lee, Higginson & Co.,

44 State St., Poston, "ass.

Gentlemen: -

I have arranged with "esers. Harvey Fisk & Sons
to provide you with an additional \$50,000 subscription
on the subscription basis, namely 45% percent of preferred
steck, but will also secure the additional 5% for you later.

I am glad to have been of this service to you.

For your own information I would say that Mr. Frick is

among the Underwriters.

Very truly yours,